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37th Annual Report

STATE BOARD OF HAIL INSURANCE

To Montana Grain Growers



1953 BUSINESS SUMMARY

Total Risk Written	\$7,870,126.34
Premium Charge	\$ 686,343.09
Losses Paid	\$ 421,476.84
Policies Issued (1096 paid in cash)	2,961
Loss Claims Filed	555
Total Acres Insured	755,928.9
Acres Reported Damaged	123,586
Average Acres Insured Per Policy ..	255
Number of Days with Hail	42
Loss Ratio	5.3%
Aver. Cost per \$1,000 of Protection..\$	87.20
Average Cost of Insurance	8.7%
Operating Expense Ratio	4%

THE RESERVE FUND now stands at \$1,050,000, and is invested in U.S. short term securities which will add about \$16,000 interest to the hail funds during the 1954 hail season. The Reserve Fund, when added to the cash balance in the State Treasurer's hands brings the total assets of the state hail fund to over \$1,200,000.

Some of the most damaging 1953 hail storms struck along the Great Northern Railway between Havre and Shelby. Previous to 1953 this area had suffered only moderate local hail storms in many years. The severe and widespread hail storms in the area last summer shows that no area in Montana east of the Continental divide may be considered safe from severe and widespread hail like that which hit last summer in western Hill, Liberty, Toole and Pondera Counties.

Grain growers should read this report carefully for full information on State Hail Insurance. How To Obtain It Is Explained On Page 6.

APR 9 1957

February 17, 1954.

J. Hugo Aronson, Governor
State of Montana
Helena, Montana
Dear Governor Aronson:

It is my pleasure to report to you on the 1953 operations of the State Hail Insurance Department. It was another banner year with several new records set. The total insurance written and the total acres insured were the highest in any of the last thirty-five years. The losses were a little below average. In fact, it was a very successful year. Following is a summary showing some of the details of operation for the season:

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Loss Claims Filed	555
Total Acres Insured	755,929
Loss Ratio	5.3%
Operating Expense Ratio	4%

During the hail season, there were many severe hail storms, some widespread. Our loss ratio was only 5.3% but we were lucky it was not much heavier. The main reason for our lower loss ratio was that the large widespread storms did not strike the counties or areas where we had the largest aggregation of policies. Following are the counties where we made the largest payments.

County	Losses Paid	1953 Premiums	1953 Loss Ratio	Loss Ratio All Years
Big Horn	\$73,062.	\$ 46,248.	15%	9%
Liberty	51,248.	15,492.	19%	5%
McCone	43,501.	125,255.	3%	7%
Fergus	41,219.	36,580.	10%	7%
J. Basin	31,961.	5,171.	48%	10%

If storms similar to those which struck Judith Basin county, or those which struck Big Horn and Liberty had struck McCone county or some other counties like Richland, Chouteau, Dawson, Fallon or some others, our losses would have been severe. Payment of them would have used all of the 1953 premiums and could have possibly taken quite a large part of our reserve. We are glad to be able to make another addition to the reserve fund so that we will have enough funds to pay promptly severe hail losses if and when they strike in the future.

During the season, 555 loss claims were filed. On the whole, the adjustments were made with little controversy. There were only about a dozen cases where there were serious complaints. These were all settled by re-inspection and there were no cases of arbitration. This speaks well for the adjusters and the good spirit of cooperation existing between them and the farmers.

The 1953 Legislature amended the hail insurance laws, providing for an increase in the amount of hail insurance per acre. Farmers may now secure \$12.00 per acre on non-irrigated grain and \$24.00 on irrigated grain. This increase proved very popular with the farmers and a very high percent of them asked for hail insurance up to the new limits.

During 1953, the hail insurance reserve fund (\$900,000.00) was invested in U. S. short term securities which paid interest amounting to \$21,855.00 into the hail fund. The reserve fund investment for this year has been increased to \$1,050,000.00 but due to the premium price of these securities now, our interest income for the year will drop to about \$16,000.00.

Payments on 1953 premiums have been good. Over 99% of them have been paid, to this date. We may suffer a small loss from the accounts which are charged as personal assessments. These personal assessments which are delinquent yet amount to less than one-fourth of one percent, of the total charge. The remainder is charged to real estate and will all be paid in due time. The total premium for the year was \$686,343.00. Out of this less than \$2,000.00 is left of the questionable accounts and we believe quite a few of these will be paid.

The very severe 1953 hail storms which struck Liberty county last summer again proves that no one can predict with any certainty where and when hail will strike in the future. Our hail fund paid out \$51,000.00 there for the season's losses as against only \$73,000.00 in the former thirty-four years. Liberty county and in fact all of the Triangle has long been considered an area of light hail risk. So far as my experience is concerned, it appears to me that storms like those of 1953 may again strike in some unknown area which may be in any county or counties east of the mountains. It seems certain that hail will continue to be a serious hazard, especially to the farmers east of the Continental Divide. After observing the hail storms over the state for thirty-seven years, I am still reluctant to pick out certain areas and call them hail belts. It looks like we should add many more years to the records and then see if they give more definite information on hail belts.

In this letter, I have given you a few of the most important points covering the hail fund operations for 1953. Much more detailed information will be in the Annual Report to Grain Growers which will be ready for distribution in a few weeks. When it is printed, I will send you a copy.


If you should desire information on any phase of hail insurance not covered by this letter or the report, I will be glad to hear from you. I will do my best to furnish any information requested.

Respectfully submitted for the

STATE BOARD OF HAIL INSURANCE

E. K. Bowman.

Chairman.



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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO

County	1953 Risk	1953 Levy	1953 Losses	1953 Loss Ratio	35 Year Loss Ratio
Big Horn	\$ 492,456.78	\$ 46,248.76	\$ 73,062.33	15%	9%
Blaine	122,054.00	8,392.50	8,831.36	7	4
Broadwater	19,476.00	1,133.28			3
Carbon	1,760.00	105.22			3
Carter	62,588.00	6,276.56	8,973.00	14	11
Cascade	41,761.50	2,913.23			3
Chouteau	527,269.70	36,069.24	6,547.55	1	3
Custer	19,074.00	1,690.64	178.26	1	6
Daniels	343,555.00	27,245.69	18,405.78	5	4
Dawson	515,332.07	48,329.17	5,812.77	1	11
Fallon	489,422.40	49,156.55	15,259.85	3	9
Fergus	411,255.00	36,580.01	41,219.73	10	7
Flathead					4
Gallatin	3,792.00	265.44			8
Garfield	67,753.00	6,005.15	5,768.94	9	7
Glacier	12,750.00	831.44			3
Golden Valley	77,765.00	7,722.66			9
Granite					5
Hill	222,785.00	13,102.02	7,358.95	3	4
Jefferson	1,200.00	108.00			2
Judith Basin	66,370.00	5,171.53	31,961.49	48	10
Lewis and Clark	3,792.00	149.02	938.52	25	5
Liberty	264,618.00	15,492.90	51,428.58	19	5
Madison					4
McCone	1,269,062.50	125,255.53	43,501.93	3	7
Meagher					11
Musselshell	41,578.00	4,196.40	2,083.89	5	13
Park					12
Petroleum	18,981.60	1,738.55	2,371.81	12	6
Phillips	75,516.00	6,023.25	1,512.54	2	4
Pondera	66,024.80	4,548.64	1,022.75	2	6
Powder River	165,471.00	14,811.48	7,680.64	5	7
Powell					1
Prairie	297,518.00	29,578.54	23,634.97	8	11
Ravalli					9
Richland	799,474.59	79,358.25	6,753.07	1	6
Roosevelt	283,988.50	22,156.82	17,669.31	6	3
Rosebud	10,586.00	944.44	6,251.38	59	7
Sheridan	446,566.00	34,965.37	14,714.68	3	4
Stillwater	54,541.00	5,307.59			8
Sweet Grass					6
Teton	45,173.80	2,722.74	234.08	1	2
Toole	240,299.20	14,775.57	10,344.32	4	5
Treasure	28,539.40	3,013.38	7,247.44	25	14
Valley	75,412.00	5,911.19			4
Wheatland	33,035.00	3,277.10	216.00	1	9
Wibaux	89,171.50	8,578.66			7
Yellowstone	62,358.00	6,190.58	490.92	1	6
	<u>\$7,870,126.34</u>	<u>\$686,343.09</u>	<u>\$421,476.84</u>	<u>5.3%</u>	<u>6.3%</u>

35 YEAR SUMMARY

Total Risk Written	\$88,345,357.58
Premium Charge	7,467,582.61
Losses Paid	5,592,827.34
Policies Issued	60,252
Total Acres Insured	10,261,397.9
Average Acreage Per Policy	170
Average Risk Per Acre	\$ 8.61
Loss Ratio	6.3%
Average Cost Per \$1000 of Insurance	\$ 84.52
Number of Losses Filed	13,217
Operating Expense Ratio	6.8%

ADMINISTRATION ACCOUNT FOR 1953

Jan. 1, 1953 to Dec. 31, 1953

1. State office salaries, traveling expenses, chair- man, clerk hire, board members per diem and expenses	\$ 9,883.18
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equip- ment, insurance, employees' bonds, advertising)	\$ 3,810.63
3. Hail adjusters' per diem and expense	\$13,397.21
4. Office rent	\$ 300.00
5. Car maintenance	\$ 193.06
	<u>\$27,584.08</u>

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH YOUR GRAIN IS GROWING

Any Owner of Mortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. His application containing a lien on his crop will be filed with the clerk and recorder.

Any Owner of Unmortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. The application (containing a hail lien) will not be filed with the clerk and recorder.

Any Tenant desiring hail insurance may secure it by filing an application with his county assessor. It will be approved on a personal assessment basis and his application containing a lien on the crop will be filed with the county clerk and recorder.

Any Tenant who owes for delinquent hail insurance will not receive further hail insurance unless he pays cash for it or unless he pays the delinquent account.

No hail insurance may be charged to any land without the owner's consent. Also no hail insurance may be charged to any lands other than on which the crops to be insured are growing.

Hail insurance liens are a first lien on all insured crops except liens given for the purchase of seed used to plant the insured crop.

4% Discount Will Be Given Those Who Pay Cash for Their Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When To Insure. Experience shows that placing hail insurance on growing crops should not be done until they show a reasonable chance of producing a fair return. **No allowance will be made for hail damage on any grain until at least 75% of the plants are plainly stemming.** Damage early in the hail season is difficult to estimate and adjustment may be delayed until the extent of the damage may be better estimated.

No policies will be issued after August 15th.

How Much Hail Insurance Per Acre. All non-irrigated grain may be insured for not more than \$12 except barley which is limited to \$10. Irrigated grain is limited to not more than \$24 except barley which is limited to \$20.

Hail Insurance on Special Crops. Not more than the amounts shown below may be carried per acre on the crops listed:

Irrigated beans, peas, sugar beets, potatoes, corn, mustard and alfalfa seed	\$24.00
Non-irrigated mustard, beans, peas, alfalfa seed and corn	\$12.00
Any hay crop, irrigated or non-irrigated	\$12.00

This covers a total loss on a one-cutting crop, or the equivalent of a total loss of one-cutting on crops producing more than one cutting per season.

Hail Insurance for Shareholders. If all shareholders in any crop desire hail insurance, each is limited in his share per acre in proportion to the share each owns of the whole crop. If other shareholders do not desire hail insurance any shareholder may insure his share for the limit allowed per acre.

Farmers desiring hail insurance on **dry land beans, peas or mustard**, must apply on the same application for an equal amount of hail insurance on grain or flax, unless the premium is paid in cash or is charged to real estate.

1954 HAIL INSURANCE RATES. The only change is in Pondera County. The rate there has been reduced from 7% to 6% to make it the same as the counties to the north and south. Full information on rates may be obtained from county assessors. Also they are shown on the backs of applications for hail insurance and policies.

Reduced Rates in Case of Crop Failure. When any insured crop is badly damaged or destroyed by other means than hail, the insured may request that the hail insurance be terminated and that he be allowed a reduced rate for the season. The charge for the hail insurance may then be reduced by the State Hail Insurance Board under the terms of paragraphs 16, 17A and 17B in the Stipulations and Agreements on the back of the policy.

When to file claims for hail loss. When any insured crop is believed to be damaged at least 5%, the insured must mail a claim for such loss to the State Board of Hail Insurance at Helena, Montana, within 3 days.

When Not to File Loss Claims. Each year a large number of loss claims are filed on fields where little or no damage by hail is found. Many of these fields show a small infestation of Hessian Fly where the infested straws lean over and sometimes go down full length. Hessian Flies have weakened the straws close to the ground and the damage is not caused by hail. Many other fields, following light hail storms, have been found to be lightly damaged by Crinkle Joint, Kinked heads or Wheat Stem Saw Flies. The damage, most times, has been overlooked until the light hail storm comes. More care in examining the fields before claiming hail loss will save your Hail Department hundreds of dollars each year.

ADJUSTMENTS OF HAIL LOSSES will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

State Hail Insurance Expires After September 16 on Grain and other crops, except sugar beets which expire after September 30. If weather, lack of maturity, or other causes prevent completion of harvest by September 15, the insured should apply to the State Board of Hail Insurance at Helena, on or before that date, for an extension of his hail insurance. If his reasons for delay are approved, his hail insurance will continue in full force until the harvest can be completed.

Payments on State Hail Insurance losses may be assigned but are not subject to garnishee or attachment. They are yours to use as you think best for the continuance of your farming operations.

